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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES

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*Ex parte* CHARLES A. ELDERING and  
GREGORY C. FLICKINGER

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Appeal 2009-014059  
Application 09/591,577  
Technology Center 3600

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Before JOHN A. JEFFERY, HUBERT C. LORIN, and  
JOSEPH A. FISCHETTI, *Administrative Patent Judges*.

LORIN, *Administrative Patent Judge*.

DECISION ON APPEAL<sup>1</sup>

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<sup>1</sup> The two-month time period for filing an appeal or commencing a civil action, as recited in 37 C.F.R. § 1.304, or for filing a request for rehearing, as recited in 37 C.F.R. § 41.52, begins to run from the “MAIL DATE” (paper delivery mode) or the “NOTIFICATION DATE” (electronic delivery mode) shown on the PTOL-90A cover letter attached to this decision.

## STATEMENT OF THE CASE

Charles A. Eldering, et al. (Appellants) seek our review under 35 U.S.C. § 134 of the final rejection of claims 133-139 and 152-159. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

## SUMMARY OF DECISION

We REVERSE and enter a NEW GROUND OF REJECTION, pursuant to our authority under 37 C.F.R. § 41.50(b).<sup>2</sup>

## THE INVENTION

The invention as claimed is drawn to a method of identifying consumers likely to be interested in an advertisement.

Claim 133, reproduced below, is illustrative of the subject matter on appeal.

133. A method of identifying consumers likely to be interested in an advertisement, the method comprising:

(a) accessing a plurality of consumer transaction records corresponding to a plurality of consumers and accessing demographic information records corresponding to at least one of the plurality of consumers;

(b) retrieving heuristic rules, wherein said heuristic rules have been pre-defined prior to accessing said plurality of consumer transaction records and wherein said pre-defined heuristic rules have been developed based on at least one psychological or sociological study;

(c) retrieving at least one target consumer characteristic from an advertiser that has been selected at the discretion of the advertiser;

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<sup>2</sup> Our decision will make reference to the Appellants' Appeal Brief ("App. Br." filed Jan. 12, 2009) and Reply Brief ("Reply Br." filed Jun. 25, 2009), and the Examiner's Answer ("Answer," mailed Apr. 27, 2009).

- (d) applying said pre-defined heuristic rules to said plurality of consumer transaction records to generate inferred transaction characteristics of the consumers;
- (e) generating inferred consumer characteristics of at least one of the consumers by associating the inferred transaction characteristics with demographic information records; and
- (f) determining applicability of an advertisement to the at least one consumer by correlating the inferred consumer characteristics with the target consumer characteristics selected at the discretion of the advertiser.

### THE REJECTION

The Examiner relies upon the following as evidence of unpatentability:

Pirolli	US 5,835,905	Nov. 10, 1998
Ho	US 6,120,300	Sep. 19, 2000
Hendricks	US 6,463,585 B1	Oct. 8, 2002

The following rejection is before us for review:

1. Claims 133-139 and 152-159 are rejected under 35 U.S.C. § 103(a) as being unpatentable over Hendricks, Ho, and Pirolli.

### ISSUE

Given their broadest reasonable construction in light of the Specification as they would be interpreted by one of ordinary skill in the art, are the processes recited in claims 133-139 and 152-159 abstract ideas?

## PRINCIPLES OF LAW

The law in the area of patent-eligible subject matter for process claims has recently been clarified by the Supreme Court in *Bilski v. Kappos*, 130 S. Ct. 3218, No. 08-964, 2010 WL 2555192 (U.S. June 28, 2010). The Court held that the term “process” as used in § 101, does not categorically exclude business methods. *Id.* at \*9.

The Court is unaware of any argument that the “ordinary, contemporary, common meaning,” *Diehr, supra*, at 182, of “method” excludes business methods. Nor is it clear how far a prohibition on business patents would reach, and whether it would exclude technologies for conducting a business more efficiently.

“At the same time, some business method patents raise special problems in terms of vagueness and suspect validity.” *Id.* (citing *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 397 (2006)) (Kennedy, J., concurring).

In searching for a limiting principle, this Court’s precedents on the unpatentability of abstract ideas provide useful tools. See infra 12-15. Indeed, if the Court of Appeals were to succeed in defining a narrower category or class of patent applications that claim to instruct how business should be conducted, and then rule that the category is unpatentable because, for instance, it represents an attempt to patent abstract ideas, this conclusion might well be in accord with controlling precedent.

*Id.*

## DISCUSSION

Claims 133-139 and 152-159 are drawn to business methods. Taking claim 133 as representative, the broadest reasonable construction of the claimed process in light of the Specification as it would be interpreted by one of ordinary skill in the art is that it provides a series of instructions that

do no more than apply “pre-defined” (but undefined in the claim) heuristic rules “based on at least one psychological or sociological study” to subsequently-accessed consumer transactions records, associate the result of that application to demographic records, and correlate the result of that association with an advertiser’s target consumer characteristic. In effect, the process claimed explains a method for identifying a consumer likely to be interested in an advertiser’s advertisement given consumer and demographic information<sup>3</sup>, certain rules of thumb, and a consumer characteristic the advertiser is looking for.

Accordingly, as claimed, the process provides nothing more than vague instructions in how to conduct a business, principally how to

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<sup>3</sup> The “type” of information the claimed process uses limit the claimed subject matter only in terms of the content of the information. They are properly characterized as nonfunctional descriptive material. In the context of prior art rejections, a distinction over the prior art based on nonfunctional descriptive material is patentably inconsequential. *See In re Ngai*, 367 F.3d 1336, 1339 (Fed. Cir. 2004) where, in the context of a prior art rejection, the court held that attaching instructions to an otherwise known product did not render the product patentable over the prior art. *See also In re Gulack*, 703 F.2d 1381, 1385 (Fed. Cir. 1983) (when descriptive material is not functionally related to the substrate, the descriptive material will not distinguish the invention from the prior art in terms of patentability) and *Ex parte Mathias*, 84 USPQ2d 1276 (BPAI 2005) (non-precedential) (Federal Circuit Appeal No. 2006-1103; WL 2433879, affirmed without written opinion Aug. 19, 2006) (patentable weight need not be given to descriptive material absent a new and unobvious functional relationship between the descriptive material and the substrate). We see no reason why recitations of nonfunctional descriptive material should not be similarly treated as inconsequential in the process of determining whether claimed subject matter is statutory under 35 U.S.C. § 101.

determine if a consumer is likely to be interested in an advertiser's advertisement. That is, the claimed process proposes following a simple formula for identifying a consumer likely to be interested in an advertiser's advertisement: apply rules of thumb to certain information, associate the result of that application to other information, and correlate the result of that association with a consumer characteristic the advertiser is looking for.

We now turn to the question of whether the claimed process subject matter is patent-eligible under 35 U.S.C. § 101. Various factors must be considered and weighed when analyzing claims as a whole before reaching a conclusion on patent subject matter eligibility.

The factors relevant in this case are the lack of recitations in the claims to a machine or transformation and that the claims are mere statements of a general concept.

There is no recitation in the claims of a machine, expressly or inherently.

There is no recitation of a transformation, expressly or inherently.

And, as we have reasonably broadly construed it, the subject matter of claim 133 is mere statements of the general concept of determining if a consumer is likely to be interested in an advertiser's advertisement. The vague instructions listed in the claim are disembodied and do no more than instruct how business should be conducted; that is, to determine if a consumer is likely to be interested in an advertiser's advertisement. The claim covers any use of the concept of determining if a consumer is likely to be interested in an advertiser's advertisement, known and unknown. The instructions could be performed by any machine, existing or future-devised. Furthermore, the process as claimed could be accomplished by human

activity alone, including through mental processes. In the words of *Gottschalk v. Benson*, 409 U.S. 63, 72 (1972), the claimed processes “would wholly pre-empt the [determining if a consumer is likely to be interested in an advertiser’s advertisement] and in practical effect would be a patent on the [concept] itself.”

For the foregoing reasons, based upon consideration of all of the relevant factors with respect to claims 133-139 and 152-159 as a whole, claims 133-139 and 152-159 are held to claim an abstract idea and are therefore rejected as ineligible subject matter under 35 U.S.C. § 101.

Accordingly, we will enter a new ground of rejection of claims 133-139 and 152-159 under 35 U.S.C. § 101 because they claim an abstract idea.

*The 35 U.S.C. § 103 rejection*

Claims 133-139 and 152-159 have been rejected under 35 U.S.C. §103(a) as being unpatentable over Hendricks, Ho, and Pirolli. While our decision to enter a new ground of rejection of these claims under 35 U.S.C. § 101 would appear to be dispositive with respect to patentability of these claims and thus we need not reach the question of whether claims 133-139 and 152-159 would have been obvious under 35 U.S.C. § 103,<sup>4</sup> we

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<sup>4</sup> See *Ex parte Gutta*, 93 USPQ2d 1025, 1036 (BPAI 2009) (precedential), citing *Diamond v. Diehr*, 450 U.S. 175, 188; *In re Comiskey*, 554 F.3d 967, 973 (declining to reach obviousness rejection on appeal after concluding many claims were nonstatutory under 35 U.S.C. § 101); *In re Bilski*, 545 F.3d 943, 951 n.1 (noting that 35 U.S.C. § 101 is a threshold requirement and that Examiner may reject claims solely on that basis); and, *In re Rice*, 132 F.2d 140, 141 (CCPA 1942) (finding it unnecessary to reach rejection based on prior art after concluding claims were directed to nonstatutory subject matter).

nevertheless agree with the Appellants that the cited prior art does not disclose “heuristic rules [that] have been pre-defined prior to accessing said plurality of consumer transaction records and wherein said pre-defined heuristic rules have been developed based on at least one psychological or sociological study” (claim 133) as the Examiner has asserted. The Examiner relied principally on the passage at col. 66, l. 63 - col. 67, l. 6 as disclosing this claim limitation. Answer 9. That passage discusses using a simulated profile algorithm that is based on test information to estimate certain viewer characteristics. We are unable to discern from this disclosure “heuristic rules [that] have been pre-defined prior to accessing [a ] plurality of consumer transaction records and wherein said pre-defined heuristic rules have been developed based on at least one psychological or sociological study” (claim 133).

## DECISION

The decision of the Examiner to reject claims 133-139 and 152-159 have been rejected under 35 U.S.C. §103(a) as being unpatentable over Hendricks, Ho, and Pirolli is reversed.

We enter a new ground of rejection of claims 133-139 and 152-159 under 35 U.S.C. § 101 because they claim an abstract idea.

Since we have entered a new rejection, our decision is not a final agency action. 37 C.F.R. § 41.50(b) provides that, “[a] new ground of rejection pursuant to this paragraph shall not be considered final for judicial review.” 37 C.F.R. § 41.50(b) also provides that the Appellant, *WITHIN TWO MONTHS FROM THE DATE OF THE DECISION*, must exercise one

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of the following two options with respect to the new grounds of rejection to avoid termination of proceedings (37 C.F.R. § 1.197 (b)) as to the rejected claims:

- (1) Reopen prosecution. Submit an appropriate amendment of the claims so rejected or new evidence relating to the claims so rejected, or both, and have the matter reconsidered by the examiner, in which event the proceeding will be remanded to the examiner ...
- (2) Request rehearing. Request that the proceeding be reheard under 37 C.F.R. § 41.52 by the Board upon the same record ...

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1)(iv) (2007).

**REVERSED; 37 C.F.R. § 41.50(b)**

mev

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